

**PUBLIC PACKAGES HOLDINGS BERHAD**  
**SECOND QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD**  
**ENDED 30 JUNE 2009**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2009 RM'000 Unaudited	30/06/2008 RM'000 Unaudited	30/06/2009 RM'000 Unaudited	30/06/2008 RM'000 Unaudited
OPERATING REVENUE	31,884	42,024	63,452	81,127
OPERATING EXPENSES	(28,382)	(39,374)	(59,022)	(76,802)
OTHER OPERATING INCOME / (EXPENSE)	(27)	3	616	(202)
<b>PROFIT FROM OPERATIONS</b>	<b>3,475</b>	<b>2,653</b>	<b>5,046</b>	<b>4,123</b>
FINANCE COSTS	(467)	(913)	(1,092)	(1,857)
INVESTING RESULTS				
- Share of profit/(loss) of joint venture	231	245	497	(1)
- Others	6	5	16	19
<b>PROFIT BEFORE TAX</b>	<b>3,245</b>	<b>1,990</b>	<b>4,467</b>	<b>2,284</b>
INCOME TAX EXPENSE	(726)	(423)	(1,409)	(584)
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>2,519</b>	<b>1,567</b>	<b>3,058</b>	<b>1,700</b>
<b>EARNINGS PER SHARE</b>				
- Basic (sen)	2.29	1.43	2.78	1.55
- Diluted (sen)	2.29	1.43	2.78	1.55

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30/06/2009 RM'000 Unaudited	As at 31/12/2008 RM'000 Audited
<b>ASSETS</b>		
Non Current Assets		
Property, Plant & Equipment	66,114	66,640
Investment Properties	7,212	7,212
Prepaid Lease Payment	10,494	10,622
Goodwill	675	675
Investments in Joint Venture	14,712	14,298
Other Investments	191	776
Development Properties	19,917	22,253
	119,315	122,476
Current Assets		
Inventories	11,570	20,436
Debtors	34,610	37,301
Tax Recoverable	1,357	1,966
Cash & Cash Equivalents	5,311	7,043
	52,848	66,746
<b>TOTAL ASSETS</b>	<b>172,163</b>	<b>189,222</b>
<b>LIABILITIES</b>		
Non Current Liabilities		
Borrowings	11,954	8,187
Deferred tax liabilities	11,319	11,242
	23,273	19,429
Current Liabilities		
Trade & Other Creditors	14,015	16,559
Borrowings	32,351	54,009
	46,366	70,568
<b>TOTAL LIABILITIES</b>	<b>69,639</b>	<b>89,997</b>
<b>EQUITY</b>		
Share Capital	54,949	54,949
Reserves	47,575	44,276
Equity attributable to equity holders of the parent	102,524	99,225
Minority interest	-	-
<b>TOTAL EQUITY</b>	<b>102,524</b>	<b>99,225</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>172,163</b>	<b>189,222</b>
Net Assets per share attributable to equity holders of the company (RM)	0.93	0.90

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	6 MONTHS ENDED	
	30/06/2009 RM'000 Unaudited	30/06/2008 RM'000 Unaudited
Profit before tax	4,467	2,284
Adjustments for non-cash flow items:-		
Non-cash items	2,895	2,393
Non-operating items	(2,502)	351
Operating profit before changes in working capital	4,860	5,028
Changes in working capital		
Net changes in current assets	11,578	(4,779)
Net changes in current liabilities	(2,541)	(356)
Cash from/(used in) operation	13,897	(107)
Dividend received	14	-
Tax paid	(586)	(180)
Tax refunded	183	-
Net Cash Flows From/(Used in) Operating Activities	13,508	(287)
Investing Activities		
- Acquisition of Property, Plant & Equipment	(1,669)	(765)
- Proceeds from disposal of Properties Development	4,300	-
- Proceeds from disposal of Property, Plant & Equipment	14	-
Net Cash Flows From/(Used In) Investing Activities	2,645	(765)
Financing activities		
- Bank Borrowings	(12,262)	390
Effects of exchange rate changes on cash & cash equivalents	2	(1)
Net Change In Cash & Cash Equivalents	3,893	(663)
Cash & Cash Equivalents At Beginning Of Year	(4,558)	(2,481)
Effects of exchange rate changes	4	(158)
Cash & Cash Equivalents At End Of Period	(661)	(3,302)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM'000	Non- Distributable RM'000	Distributable Reserves RM'000	Total RM'000	Minority interest RM'000	Total Equity RM'000
<b>At 1 January 2008</b>	54,949	23,061	22,325	100,335	-	100,335
Movements during the period	-	(5,118)	1,700	(3,418)	-	(3,418)
At 30 Jun 2008	<u>54,949</u>	<u>17,943</u>	<u>24,025</u>	<u>96,917</u>	<u>-</u>	<u>96,917</u>
<b>At 1 January 2009</b>	54,949	17,961	26,315	99,225	-	99,225
<b>Transfer from revaluation reserve</b>	-	(969)	969	-	-	-
<b>Transfer to deferred tax</b>	-	250	-	250	-	250
Movements during the period	-	(9)	3,058	3,049	-	3,049
At 30 Jun 2009	<u>54,949</u>	<u>17,233</u>	<u>30,342</u>	<u>102,524</u>	<u>-</u>	<u>102,524</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements)

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The interim financial statements have been prepared under the historical cost convention.

The interim financial report has been prepared in accordance with FRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's financial statement.

The interim financial statements should be read in conjunction with annual financial statements for the financial year ended 31st December 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31st December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2008. The following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations have been issued by the MASB but are not yet effective:

FRS 139	Financial Instruments : Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS 2 Share-based Payment : Vesting Conditions and Cancellations  
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

All the new FRSs, amendments to FRSs and IC Interpretations above are effective from 1 January 2010 with the exception of FRS 8, which is effective from 1 July 2009.

**A2. AUDITED ACCOUNTS**

The auditor's report in respect of the financial statements of the Group for the financial year ended 31 December 2008 was not subject to any qualification.

**A3. SEASONALITY & CYCLICALITY**

The Group's manufacturing division generally experience an "up-down" cycle once a year, with low demand usually in the beginning of the year and will slowly pick up again during the year.

**A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items for the current quarter and financial period to date.

**A5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATE**

There were no material changes in the estimates of amounts, which give a material effect in the current quarter and financial period to date.

**A6. DETAILS OF ISSUE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There was no issuance, cancellations, repurchase, resale and repayment of debt and equity for the financial period ended 30th June 2009.

**A7. DIVIDEND PAID**

There was no dividend paid for the financial period ended 30th June 2009.

**A8. SEGMENTAL INFORMATION**

Analysis by industry segment

	Revenue (RM'000)	Profit / (loss) before tax (RM'000)
Trading	12,904	1,210
Manufacturing	50,301	4,298
Properties	246	72
Investment holdings	1	(1,113)
	<u>63,452</u>	<u>4,467</u>

**A9. REVALUATION**

The properties of the Group carried at valuation were revalued in November 2007 based on professional independent valuations using the open market value basis.

**A10. SUBSEQUENT EVENTS**

There were no material events in the interval between the end of period reported and 21 August 2009 which have not been reflected in the financial statement, except on 17 July 2009, Public Packages Asia (HK) Limited, 100% indirect subsidiary of the Company was deregistered pursuant to Section 291AA(9) of the Companies Ordinance Hong Kong.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no material changes in the composition of the group in the current quarter and financial period to date.

**A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

As at 21 August 2009, the total contingent liabilities is RM115,529,141. This consists of corporate guarantees given by the Company to secure credit facilities granted to our investments.

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS****B1. PERFORMANCE REVIEW**

The turnover of the Group for current quarter of RM31.884m decreased by RM10.140m (24.13%) when compared to corresponding quarter of last year.

The Group has recorded a profit before taxation of RM3.245m when compared to a profit of RM1.990m in corresponding quarter of last year.

**B2.****COMMENT ON ANY MATERIAL CHANGE IN PROFIT BEFORE TAX FOR THE QUARTER REPORTED AS COMPARED WITH THE PRECEDING QUARTER**

The Group recorded sales revenue of RM31.884m for the current quarter as compare to RM31.568m in preceeding quarter, showing an increase of 1.00%.

The Group has recorded a profit before taxation of RM3.245m for current quarter when compared with RM1.222m in preceeding quarter, showing an increase of 165.55%.

**B3. FACTORS AFFECTING COMPANY'S PROSPECT**

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Group's performance is expected to continue to be satisfactory for the year 2009.

**B4. EXPLANATORY NOTES ON VARIANCE WITH PROFIT FORECASTS AND/OR PROFIT GUARANTEE**

The Group did not issue any profit forecast and or profit guarantee to the public during the current financial period.

**B5. INCOME TAX**

	3 MONTHS ended 30/06/2009 RM'000	3 MONTHS ended 30/06/2008 RM'000	6 MONTHS ended 30/06/2009 RM'000	6 MONTHS ended 30/06/2008 RM'000
Profit before tax	3,245	1,990	4,467	2,284
Current year taxation :-				
Income tax	531	332	1,082	531
Deferred tax	195	91	327	53
	<u>726</u>	<u>423</u>	<u>1,409</u>	<u>584</u>
Effective tax rate (%)	22.37	21.26	31.54	25.57

The statutory tax rate was reduced to 25% from the previous year's rate of 26% effective in the current year of assessment. The statutory tax rate remain as 25% in subsequent years. The computation of deferred tax has reflected these changes.

**B6. PROFIT / (LOSS) ON DISPOSAL OF UNQUOTED INVESTMENTS AND PROPERTIES**

During the period under review, the company sold one of its freehold land with a net gain on disposal of RM0.415 million.

**B7. PURCHASE / (DISPOSAL) OF QUOTED SHARES**

a) There were no purchase or sale of quoted securities for the current quarter and financial period to date.

b) Investments in quoted securities as at 30 June 2009.

	RM ('000)
Total investment at cost	817
Total investment at carrying value/book value (after provision for diminution in value)	191
Total investment at market value at end of reporting period	398

**B8. STATUS OF CORPORATE PROPOSALS**

There is no corporate proposal announced but not completed as at 21 Aug 2009.

**B9. BANK BORROWINGS**

	Secured RM('000)	Unsecured RM('000)	Total RM('000)
Short - term	-	32,351	32,351
Long - term	1,189	10,765	11,954
	<u>1,189</u>	<u>43,116</u>	<u>44,305</u>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Group does not have any off balance sheet financial instruments as at 21 Aug 2009, except for the forward foreign exchange contracts which have been entered into by the Group to hedge its foreign currency payables. Foreign currency forward contracts are entered into by the Group in currencies other than their functional currency to manage exposure on fluctuations in foreign rates on specific transactions.

The contracted amount not recognised in the balance sheet are as follows :-

Financial Instruments (matured within 6 months)	Contract Amount (USD)	Equivalent Amount (RM)
Foreign exchange contract	1,501,634	5,315,967

The instrument above is viewed as a risk management tool by the Group and is not used for trading and speculative purposes. The gain and losses on foreign exchange are recognised in the income statement upon realisation.

**B11. MATERIAL LITIGATION**

A civil suit had been filed by the subsidiary, Public Packages Sdn Bhd against Flextronics Technology (Penang) Sdn Bhd. (formerly known as Soletron Technology Sdn Bhd) during the year for the outstanding amount of RM1,797,634.80. The case is now postpone for hearing on 5 February 2010.

**B12. DIVIDENDS PAYABLE**

The Board of Directors does not recommend any dividend payment for the period ended 30 June 2009.

**B13. EARNING PER SHARE**

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
<b>(a) Basic</b>				
Net profit for the period (RM'000)	2,519	1,567	3,058	1,700
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Basic earnings per share (sen)	<u>2.29</u>	<u>1.43</u>	<u>2.78</u>	<u>1.55</u>
<b>(b) Diluted</b>				
Net profit for the period (RM'000)	2,519	1,567	3,058	1,700
Weighted average number of ordinary shares in issue ('000)	109,896	109,896	109,896	109,896
Adjustment for share options ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	109,896	109,896	109,896	109,896
Diluted earnings per share (sen)	<u>2.29</u>	<u>1.43</u>	<u>2.78</u>	<u>1.55</u>



	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2009 RM'000	CORRESPONDING QUARTER ENDED 30/06/2008 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2009 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2008 RM'000
1. Revenue	31,884	42,024	63,452	81,127
2. Profit / (loss) before tax	3,245	1,990	4,467	2,284
3. Profit / (loss) for the period	2,519	1,567	3,058	1,700
4. Profit / (loss) attributable to ordinary equity holders of the parent	2,519	1,567	3,058	1,700
5. Basic earnings / (loss) per share (sen)	2.29	1.43	2.78	1.55
6. Proposed / declared dividend per share (sen)	-	-	-	-
	<b>As at end of current quarter</b>		<b>As at preceding financial year end</b>	
7. Net assets per share attributable to ordinary equity of the parent (RM)		0.93		0.90

Part A3: Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2009 RM'000	CORRESPONDING QUARTER ENDED 30/06/2008 RM'000	CURRENT YEAR TO DATE ENDED 30/06/2009 RM'000	CORRESPONDING YEAR TO DATE ENDED 30/06/2008 RM'000
1. Profit from the operation	3,475	2,653	5,046	4,123
2. Gross interest income	1	3	1	9
3. Gross interest expenses	467	913	1,092	1,857